

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name DISTRICT COURT NO. 31, HAMTRAMCK	County WAYNE
Fiscal Year End JUNE 30, 2006	Opinion Date OCTOBER 31, 2006	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

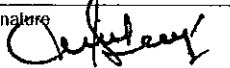
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input type="checkbox"/>	TO BE FORWARDED	
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) ALAN C YOUNG & ASSOCIATES, P.C.			Telephone Number (313) 873 7500	
Street Address 2990 W. GRAND BLVD., STE 310			City DETROIT	State MI
			Zip 48202	
Authorizing CPA Signature 		Printed Name ANIL SAKHUJA		License Number 1101021118

District Court No. 3 I, Hamtramck, Michigan

**Financial Report
with Supplemental Information
June 30, 2006**

District Court No. 3 I, Hamtramck, Michigan

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INDEPENDENT AUDITOR'S REPORT

To the Honorable District Judge
Paul J. Paruk
District Court No. 31
Hamtramck, Michigan

We have audited the accompanying financial statements of the OUIL Fund and aggregate fiduciary funds of District Court No. 31, Hamtramck, Michigan (a component unit of the City of Hamtramck) as of and for the year ended June 30, 2006 which collectively comprise the Court's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of District Court No. 31, Hamtramck, Michigan's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the OUIL Fund and aggregate fiduciary funds of District Court No. 31, Hamtramck, Michigan as of June 30, 2006 and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis, and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

Alan C. Young & Assoc.

October 31, 2006

District Court No. 31, Hamtramck, Michigan

OUIL Fund Statement of Net Assets June 30, 2006

Assets - Cash and cash equivalents (Note 2)	\$ 12,571
Liabilities	<u>-</u>
Net Assets - Unreserved	<u><u>\$ 12,571</u></u>

Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2006

Revenue - Fines and fees collected	\$ 2,511
Expenses - Operating expenses	<u>850</u>
Excess of Revenue Over Expenses	1,661
Net Assets - July 1, 2005	<u>10,910</u>
Net Assets - June 30, 2006	<u><u>\$ 12,571</u></u>

District Court No. 3 I, Hamtramck, Michigan

Agency Funds Combining Balance Sheet June 30, 2006

	General	Trust	Jury	Totals (Memorandum Only)
Assets - Cash and cash equivalents (Note 2)	<u>\$ 131,463</u>	<u>\$ 34,302</u>	<u>\$ 524</u>	<u>\$ 166,289</u>
Liabilities				
Due to the State of Michigan	\$ 53,035	\$ -	\$ -	\$ 53,035
Due to Wayne County	1,966			1,966
Due to the City of Hamtramck	76,462	1,420	-	77,882
Advances from the City of Hamtramck	-	-	524	524
Appearance bonds payable	<u>-</u>	<u>32,882</u>	<u>-</u>	<u>32,882</u>
Total liabilities	131,463	34,302	524	166,289
Fund Balance - Undesignated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 131,463</u>	<u>\$ 34,302</u>	<u>\$ 524</u>	<u>\$ 166,289</u>

District Court No. 31, Hamtramck, Michigan

Notes to Financial Statements June 30, 2006

Note 1 - Summary of Significant Accounting Policies

Fund Accounting

The accounts of District Court No. 31 (the "Court") are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The various funds are grouped, in the combined financial statements in this report, into generic fund types in two broad fund categories as follows:

Special Revenue Funds - Special Revenue Funds are used to account for proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions. The Court retains receipts of fines and fees collected for operating under the influence of liquor (OUIL). The money collected is used for operating expenses within the Court.

Due to the nature of its operations, there are no differences between the modified accrual basis of accounting and the full accrual basis. Therefore, the OUIL Fund's financial position and results of operations have been presented in a single column.

Agency Funds - The financial activities of the Agency Funds are limited to collection of amounts that are subsequently returned or paid to third parties. Accordingly, the operations of the funds are limited to cash transactions.

The Court is a component unit of the City of Hamtramck, Michigan and is included in the general purpose financial statements of the City of Hamtramck at June 30, 2006. Most costs relating to the operation of the Court are budgeted items of the City of Hamtramck, Michigan's General Fund and, accordingly, such costs are paid by the City of Hamtramck, Michigan's General Fund. Some operating costs are paid by the OUIL Fund, with the majority of these costs being reimbursed by the General Fund.

Court Operations

The costs relating to the operations of the Court (including risk management) are budgeted items of the City of Hamtramck, Michigan's General Fund and, accordingly, such costs are paid by the General Fund.

District Court No. 31, Hamtramck, Michigan

Notes to Financial Statements June 30, 2006

Note 2 - Deposits and Investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Court has designated one bank for the deposit of its funds. The investment policy adopted by the Court in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Court's deposits and investment policies are in accordance with statutory authority.

The Court's cash and investments are subject to custodial credit risk of bank deposits, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be returned to it. The Court does not have a deposit policy for custodial credit risk. At year end, the Court had deposits totaling \$178,860. The deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$188,175, of which \$100,000 was covered by federal depository insurance. The Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Court evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Bank Accounts

OUIL Account - OUIL Account transactions include the receipts of fines and fees collected by the State for operating under the influence of liquor (OUIL). The money collected is used for operating expenses within the Court.

District Court No. 3 I, Hamtramck, Michigan

Notes to Financial Statements June 30, 2006

Note 3 - Bank Accounts (Continued)

General Account - General Account transactions include the receipts of ordinance fines and costs, state fees, parking fines, bond forfeitures, civil filing fees, interim bonds, constable fees, restitution, and other amounts due to the City of Hamtramck and the State.

Trust Account - Trust Account transactions represent all bond-related activity.

Jury Account - Jury Account transactions are used for payment of jury costs, which are subsequently reimbursed by the City of Hamtramck.

Supplemental Information

District Court No. 31, Hamtramck, Michigan

Schedule of Cash Receipts and Disbursements - Agency Funds Year Ended June 30, 2006

	General Account	Trust Account	Jury Account
Cash and Cash Equivalents - July 1, 2005	\$ 26,279	\$ 25,815	\$ 1,118
Receipts			
Fines and fees collected	1,179,628	-	-
Bond receipts	-	261,132	-
Wayne County penal fines	16,226	-	-
Restitution	-	8,337	-
Other	16,650	550	2,620
Total receipts	1,212,504	270,019	2,620
Disbursements			
Transfers:			
City of Hamtramck	847,662	-	-
State of Michigan	197,171	-	-
Wayne County	15,190	-	-
Bond refunds	-	243,048	-
Restitution	-	8,337	-
Jury costs	-	-	3,214
Building Fund	31,148	-	-
Miscellaneous	16,149	10,147	-
Total disbursements	1,107,320	261,532	3,214
Cash and Cash Equivalents - June 30, 2006	\$ 131,463	\$ 34,302	\$ 524